

APPENDIX J

**GUIDELINES FOR
PROJECT PERFORMANCE CERTIFICATION
APPLICABLE TO ALL STATE REVOLVING FUND (SRF)
LOAN PROGRAM PROJECTS**

Introduction

Project Performance Certification has been required by the Clean Water Act Section 204(d) and Section 602 (b)(6). The U.S. EPA developed the certification requirement to strengthen the ability to meet the basic intent of the funding programs (i.e., to build quality treatment works that comply with the enforceable requirements of the act). Providing affirmative project certification is a precise indicator that treatment facilities are actually working as intended. The certification requirement was initiated to provide extra protection for the investment made by local municipalities, the State, and EPA. The protection is provided in the form of two requirements; one, that the treatment works be monitored during the first year of operation, and two, that the recipient certify that the treatment works meets its performance standards. For these reasons, the SWRCB has chosen to continue the Project Performance Certification process as described in these guidelines.

Project Performance Standards

Specific Project Performance Standards are developed for each SRF loan project to account for each project's individual requirements. During the eligibility review process, the applicant and the Division will mutually agree on unique Project Performance Standards for each funded unit process and equipment. The recipient can develop the standards for Division approval, or request that the Division's design review staff develop the standards. The Project Performance Standards must include standard engineering accepted performance values which are based on the design criteria, construction specifications, and waste discharge requirements for the loan project.

The Project Performance Standards must also specify how the recipient will certify that the project meets the Project Performance Standards. This should include sampling locations, frequency of sampling, flow conditions, and duration of sampling, as well as procedures for mechanical equipment and pipeline testing. Typically, the data collected is what is normally required for process control and for the self monitoring report submitted to the Regional Water Quality Control Board.

Listed below is a description of the general areas to be considered when developing the Project Performance Standards. Standards in these areas help to ensure that each project will meet its intended goals and objectives reliably for its useful life. These areas will be evaluated at the end of the Project Performance Certification period:

1. Overall project performance. The performance of the overall project should meet intended goals, design criteria and applicable waste discharge requirements. Recorded data such as flows and waste concentrations should be collected, and actual performance should be compared with performance objectives. The performance evaluation may be based on actual operation at design conditions or on other reasonable methods developed to predict how the facilities will operate at design conditions.
2. Treatment process performance. The loan funded process units should be operated and evaluated at design flows and loadings for several months by diverting or equalizing flows where possible and economically feasible. Otherwise, a rational approach to predicting performance at design conditions should be developed. The Operation Unit has developed sample performance standards for common treatment processes that are available on request. Evaluation of the Project Performance Standards for individual process units will be based on the project's design criteria and on normally accepted engineering standards.
3. Operator's Log. An operator's daily log should be created and maintained to ensure collection of performance data necessary for project certification. This log should contain daily operation data and visual observations.
4. Operation and Maintenance Records. An operation and maintenance records system should be created, or updated if one already exists. This system should include records of all mechanical and electrical equipment, records of the adequate supply of critical spare parts, and a record of preventive and corrective maintenance scheduled and performed.
5. Project Life. Provisions should be made to ensure the loan funded facilities will be properly operated and maintained for the useful life of the project.
6. Facility Staffing. The facility should have a level of staffing sufficient to properly operate and maintain the facility. Wastewater treatment plant operators must possess the appropriate level of certification.

Initiation of Operation

After completion of construction, the recipient and the Operation Unit will agree on the Initiation of Operation date. The Initiation of Operation date is the start of the one-year project performance certification period. During the Project Performance Certification period, the recipient collects the sampling data described in the project performance standards. The recipient must provide the Division a copy of the Final O & M Manual within six months from the initiation of operation. The Division's operation inspector will refer to the manual during the Final Project Inspection.

Final Project Inspection

The Final Project Inspection is conducted six to twelve months after the Initiation of Operation date. The inspection consists of a review of the operational procedures in place at the loan funded facility. The Division's operation inspector will review process control procedures, maintenance, staffing, and process control data. Depending on the complexity of the project, this inspection may last from four hours to two days. The chief plant operator should be available to answer questions and to escort the operation inspector on a tour of the treatment facility. A Final Project Inspection may not be necessary for projects without mechanical or electrical equipment. The Division prepares a Final Project Inspection Report which identifies the areas of operational deficiency.

Project Performance Certification Report

Project Performance Certification of the loan project consists of an evaluation, by the recipient, of the data collected in the monitoring program during the project performance certification period. The overall facility and individual unit process performance should be evaluated in a Project Performance Certification Report. The report must be prepared by the recipient and submitted to the Division one year after the Initiation of Operation date. The Project Performance Certification Report should present well-organized conclusions about the performance of the loan funded facilities based on a comparison between the Project Performance Standards and the actual process control and effluent monitoring data. The Project Performance Certification Report should also address any items noted as deficient in the Final Project Inspection Report. The following is the format for the Project Performance Certification Report:

1. Description of the project and its objectives.
2. Description of significant operation problems encountered and how they were resolved.
3. Summary of monitoring data, either in graphical or tabular form, presented on a monthly basis.
4. Comparison of the data with the project performance standards.
5. Conclusions on the performance of the individually funded processes based on design criteria, plans and specifications, and compliance with waste discharge requirements.
6. A completed Project Performance Certification form, signed by the authorized representative.

Corrective Action Report

If the project does not meet Project Performance Standards at the end of the one-year certification period, the recipient must prepare a Corrective Action Report. The report should contain a discussion of all of the items required for the Project Performance Certification Report, plus the following:

1. The cause of the project's inability to meet the Project Performance Standards.
2. A plan for correcting the problem(s).
3. A schedule for implementing the corrective action.
4. An estimated date by which the project can be certified and a Project Performance Report can be submitted to the Division.

The costs for corrective actions required to bring the project into compliance with the project performance standards are the responsibility of the recipient.

Project Certification

If the recipient does not submit a project performance certification report which includes a signed certificate of performance, or a corrective action report, within fifteen (15) months of the initiation of operation date, an interest penalty of one-tenth of one (0.1) percent per day will be assessed on the outstanding loan balance due. The interest penalty will begin on the first day after expiration of the appropriate deadline.

After the Division has reviewed and approved the Project Performance Certification Report, the recipient will be notified that the project is being recommended for close out. If a Corrective Action Plan is submitted the Division will conduct follow-up inspections as necessary to monitor the applicant's progress towards meeting the Project Performance Standards. When the project can be certified, the recipient prepares a Project Performance Certification Report for Division approval.

Additional information on Project Performance Certification may be obtained from the Division's Operation Unit by calling (916) 227-4564.